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UNCLAS NEW DELHI 007291

SIPDIS

SENSITIVE

STATE FOR SA/INS, EB/TPP, AND INL/AAE
TREASURY FOR MIDDLE EAST AND SOUTH ASIA
STATE PASS TO FINCEN FOR MARYJO MELANCON

E.O. 12958: N/A

TAGS: [ETTTC](#) [EFIN](#) [PTER](#) [KSEP](#) [KTFN](#) [SNAR](#) [PREL](#) [IN](#) [KWPR](#) [GOI](#)
SUBJECT: TERRORIST FINANCING: INDIA'S CABINET OKAYS
FINANCIAL INTELLIGENCE UNIT

REF: STATE 241413

1. (U) India's Cabinet on November 11 gave its approval to establish a Financial Intelligence Unit (FIU), the last formal hurdle for setting up this long-delayed office. Several years have elapsed as the GOI sorted out the intramural wrangling over the unit's composition and responsibilities. Last May's national election, which brought the Congress Party into power, was the most recent delay as the new Cabinet has spent its first six months in office contending with a host of pressing issues.

2. (U) The FIU will be organized as an independent body within the Finance Ministry's Central Economic Intelligence Bureau (CEIB), located in New Delhi. The press reports that the FIU will have an intelligence and an investigative wing.

3. (SBU) Sharmila Chavaly, our Finance Ministry contact for anti-terrorist financing, told us today that the next step "is to identify the people," who will serve in the FIU, and hoped that the new director would be named "in the next week or so." Chavaly looked forward to pinning down a convenient date for a visit to New Delhi by representatives of the Treasury Department's Financial Crimes Enforcement Network (FinCEN).

Comment

4. (SBU) India has long signaled its desire to boost bilateral cooperation with the US on anti-terrorist financing as well as in multi-lateral forums. However, its membership in the Paris-based Financial Action Task Force has been pending, with the lack of an FIU as one of several hurdles that need to be cleared (reftel). Even though the FIU is not yet up and running, the Embassy will move forward with plans for an exchange visit with FinCEN. Blake